

To: Zane Belden[dzexploration@yahoo.com]
Cc: Aaron, Mark[aaron.mark@epa.gov]
From: Doherty, Paul
Sent: Tue 6/30/2015 12:07:00 PM
Subject: RE: Hastert lease plans

Deke:

Responding to your email:

•□□□□□□□ Am I correct in that we only need to send you a completed SPCC plan, like the example you sent, and no further documentation is necessary?

o Correct but when I conduct the inspection I will ask to look at training records, inspection records, and tank and pipeline inspection records if applicable. Since you've owned these leases since April, there should be documentation available and if there is not, you need to be aware of what is required and start generating the required documentation.

•□□□□□□□ One question I have is this: we will need to find a petroleum engineer, as my father is a petroleum engineer but has not kept current with his licensing and does not have specific experience in completing EPA documentation, do you have a list of any PE's that you've worked with or that we could use?

o The plan needs to be certified by a licensed professional engineer.

o EPA can not give out a list of qualified firms that do SPCC plans but suitable firms can be readily identified through internet searches and through various industry trade groups.

•□□□□□□□ We seldom, almost never, need an outside petroleum engineer for hire in our operations. We are also a little fuzzy on the details because I am fairly certain that no eastern Kansas oil producers have ever done SPCC plans, and to my knowledge there has been very little interaction between the EPA and small eastern Kansas oil producers, so this isn't a situation where I could just repeat what neighboring operators have done in the past, we are in some manner forging new ground, as the KCC seems to be the only regulatory authority that area operators have interacted with.

o The SPCC rule has been on the books since 1973. The fact that you are in the business and are unfamiliar with the rule is not a good sign. Your assertion that "no eastern Kansas oil producers have ever done SPCC plans" is incorrect. While EPA's resources preclude us from inspecting a lot of the oil production sites in the region, we are becoming more proactive in checking facilities out that have reported spills or have been the subject of complaints. Our experience is that the majority of leases have some form of an SPCC plan in place although the implementation of those plans is not often what it needs to be. We are working to improve that situation and the Hastert and Cartwright leases are part of that effort.

- All that to say, our full efforts will certainly be put towards properly filling out the paperwork, but we may not be able to do so in a short time frame.

- o I'm not looking for a short time frame turnaround. I'm looking for a good faith effort to produce good SPCC plans that meet the requirements and will be fully implemented when completed.

Thanks for the update.

ped

From: Zane Belden [mailto:dzexploration@yahoo.com]
Sent: Monday, June 29, 2015 3:49 PM
To: Doherty, Paul
Subject: Re: Hastert lease plans

Mr. Doherty,

I've been looking over the email attachments you sent us. Am I correct in that we only need to send you a completed SPCC plan, like the example you sent, and no further documentation is necessary? I wasn't sure if we had to have the checklist also? One question I have is this: we will need to find a petroleum engineer, as my father is a petroleum engineer but has not kept current with his licensing and does not have specific experience in completing EPA documentation, do you have a list of any PE's that you've worked with or that we could use? We seldom, almost never, need an outside petroleum engineer for hire in our operations. We are also a little fuzzy on the details because I am fairly certain that no eastern Kansas oil producers have ever done SPCC plans, and to my knowledge there has been very little interaction between the EPA and small eastern Kansas oil producers, so this isn't a situation where I could just repeat what neighboring operators have done in the past, we are in some manner forging new ground, as the KCC seems to be the only regulatory authority that area operators have interacted with. All that to say, our full efforts will certainly be put towards properly filling out the paperwork, but we may not be able to do so in a short time frame.

Also, so you are still in the loop, KCC officials are scheduled to be on site once or twice this week and next week down in Anderson county to monitor our progress, and let us know what other specific actions/methods must be done to satisfy the KCC.

Deke

D & Z Exploration, Inc.
P.O. Box 159
St. Elmo, IL 62458

Office: (618)-829-3274
Fax: (618)-829-5510
Email: dzexploration@yahoo.com

This e-mail message (including attachments) is privileged and confidential, and is only for the use of the individual or entity named therein. If you are not the intended recipient, any use, distribution or copying of this communication or attachments is prohibited. If you are not the intended recipient, please forward this communication to us dzexploration@yahoo.com and delete it from your system.

From: "Doherty, Paul" <Doherty.Paul@epa.gov>
To: Zane Belden <dzexploration@yahoo.com>
Sent: Friday, June 26, 2015 7:55 PM
Subject: RE: Hastert lease plans

Deke:

Sorry for the delay in getting back to you.

I'm forwarding you the information I promised you.

Attached is an example SPCC plan for an oil lease site for you to review so you have an idea of what is required.

A couple of fact sheets for Tier I and Tier II facilities for your info. The Hastert leases do not qualify but I told you I'd send some info explaining what the Tiers refer to.

The last file is the checklist EPA will complete when we review the plan(s) and conduct the onsite inspection. This is provided so you can check your plan before sending it in and be sure it adequately addresses the required plan elements.

You will be receiving a Notice of Federal Interest letter, informing you that EPA is prepared to take action to address the releases at the Hastert Lease(s) if D&Z Exploration fails to follow through with performing the work outlined by the KCC.

Any questions let me know.

ped

From: Zane Belden [<mailto:dzexploration@yahoo.com>]
Sent: Thursday, June 18, 2015 12:21 PM
To: Doherty, Paul
Subject: Hastert lease plans

Mr. Doherty,

This is Deke Belden with D&Z Exploration, we just spoke about our plans for the Hastert Leases in Anderson County, KS. We purchased and took over management of the properties on April 1, 2015. Shortly after that we met with the landowner, Nathan Lange, and officials from the KCC to address the spill/mess concerns left over from the previous operator and containment. We told Nathan and KCC that we would stop the discharges that had been occurring under the previous owner/operator, and since then we have done that. There are still exiting mess areas from past leaks, but as weather has permitted (it has been an unseasonably wet period since we took the properties over) we have been continuing to clean up messes. We are addressing the issue of containment by building new and adequate earth berms around both Hastert Batteries and the Cartwright tank battery. That work should be completed by tomorrow or early next week. We are finishing SPCC paperwork for the newly acquired properties and should have them available for you next week. Per our discussion, I am meeting with KCC officials and Nathan next week to regroup, reassess and plan, in regards to what we have done so far, and what we

will be doing in the near future to address all concerns. I will notify you when that meeting is so that you can be present as well. After I have met once again with the KCC and Nathan, I will email you a summary of that meeting so you are also aware of the current status and the specific plans moving forward. In the meantime or thereafter, please contact me with any new information or guidance that could help this situation. Thank you for the call, it was productive, and I will be in contact with you moving forward.

Deke Belden

D & Z Exploration, Inc.
P.O. Box 159
St. Elmo, IL 62458

Office: (618)-829-3274
Fax: (618)-829-5510
Email: dzexploration@yahoo.com

This e-mail message (including attachments) is privileged and confidential, and is only for the use of the individual or entity named therein. If you are not the intended recipient, any use, distribution or copying of this communication or attachments is prohibited. If you are not the intended recipient, please forward this communication to us dzexploration@yahoo.com and delete it from your system.